

The Electricity Excise Tax Law, 35 ILCS 640/1 et seq., imposes a tax on the privilege of using in Illinois, electricity purchased for use or consumption and not for resale. (This is a GIL).

February 25, 1999

Dear Ms. Xxxxx:

This letter is in response to your letter dated February 9, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

I am writing as a follow up to your telephone conversation this morning with PERSON.

As you discussed, COMPANY began self-assessing its electricity excise tax in November of 1998, and has paid its estimated tax since that time. However, COMPANY has not yet received bills for October, 1998 and thus has not paid taxes due for that period. We have just learned that we should be paying those taxes directly to the State, and not to BUSINESS, but still do not know the amount of the taxes due.

We will be paying the October tax once we receive a bill for that period, and understand that we will incur no penalties or interest charges relating to that bill. Pursuant to your telephone conversations with PERSON, I am requesting that you send us a letter confirming that we will incur neither penalties nor interest charges relating to the as yet un-billed electricity excise taxes due for the month of October, 1998.

The Electricity Excise Tax Law, 35 ILCS 640/1 et seq., beginning with bills for electricity or electric service issued on and after August 1, 1998, imposes a tax on the privilege of using in Illinois, electricity purchased for use or consumption and not for resale. The Department has interpreted these provisions to mean that regardless of when service was rendered, if charges for such service and the tax related thereto are shown on a bill issued on and after August 1, 1998, the Electricity Excise Tax Law applies.

The Electricity Excise Tax Law allows non-residential consumers to become self-assessing purchasers in order to pay their tax liability directly to the Department. See 35 ILCS 640/2-10. When a self-assessing purchaser becomes registered and active, they no longer pay taxes to the utility for bills issued on and after the date they began self-assessing. Therefore, if a self-assessor began self-assessing on November 1, 1998, they would owe tax to the Department beginning with any bill they are issued on or after that date regardless of whether the electric service was rendered prior to that date. The first tax

return for a self-assessing purchaser beginning on November 1, 1998 would be due December 15, 1998. This return should reflect the tax owed based upon the purchase price of electricity shown on any bill received during the month of November.

If a self-assessor does not receive a bill from their supplier, they may either estimate the tax that is due, or they may file a return showing zero as the amount of tax owed. Due to the problems that at least one utility is having with their billing system, the Department will not issue penalties or interest if the self-assessors file a return by the due date using one of the two methods listed above. If you receive such an assessment, please contact the Department.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:msk
Enc.